

## Message Text

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PAGE 01 BUCAR 03218 310942Z

10

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

NEA-10 INT-08 RSR-01 /153 W  
----- 105628

R 310910Z AUG 73

FM AMEMBASSY BUCHAREST

TO AMEMBASSY VIENNA

AMEMBASSY NEW DELHI

INFO SECSTATE WASHDC 6326

AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L BUCHAREST 3218

DEPT PASS COMMERCE FOR BEWT/BLOW AND TREASURY

E.O. 11652: NGDS

TAGS: ETRD, IN, UR, RO

SUBJECT: STUDY OF INDO-EAST EUROPEAN TRADE/AID RELATIONS

REF: VIENNA 7139

1. IT IS PERHAPS POSSIBLE, AS DR. HENRICKS HAS STATED, THAT ROMANIAN SWITCH TRANSACTIONS ARE LARGER THAN THAT STATED TO US BY ROMANIAN OFFICIALS. HOWEVER, HENDRICKS' REASONING BEHIND HIS STATEMENT (PARA 6 REFTTEL) APPEARS TO BE BASED ON MISINFORMATION IN RELATION TO ACTUAL FACTS OF ROMANIAN TRADE PATTERN AS POINTED OUT IN FOLLOWING PARAS, AND THUS CASTS CONSIDERABLE DOUBT AS TO THE VALIDITY OF HIS EVIDENCE INsofar AS IT CONCERNS ROMANIA.

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PAGE 02 BUCAR 03218 310942Z

A) ROMANIAN TRADE CANNOT BE MORE OUT OF BALANCE AT PRESENT THAN ANY OTHER EE COUNTRY AS RESULT OF LARGE IRON ORE EXPORTS SINCE ROMANIA HAS ONLY MINOR DEPOSITS OF ORE, IMPORTS ALMOST ALL ITS REQUIREMENTS FROM ABROAD AND HAS DONE SO FOR YEARS. ONE OF ITS SOURCES OF IRON ORE IS INDIA.

B) ROMANIAN TRADE IS NOT PRESENTLY IN SIGNIFICANT DISEQUILIBRIUM. TOTAL TRADE WAS BALANCED IN 1971, AND IN 1972 RAN ITS SMALLEST DEFICIT IN AT LEAST THE LAST SEVEN YEARS (LESS THAN ONE HALF OF ONE PERCENT OF TOTAL TRADE TURNOVER). AVAILABLE DATA HERE SHOW THAT BILATERAL TRADE WITH INDIA WAS IN BALANCE IN 1970 AND ABOUT 27 MILLION LEI IN DEFICIT IN 1971.

C) FAR FROM BEING OUT OF BALANCE BECAUSE OF LARGE EXPORTS OF ANY KIND, ROMANIAN FOREIGN TRADE ACCOUNT HAS BEEN IMBALANCED AS RESULT OF LARGER IMPORTS, AND IN FACT HAS RUN CONSISTENT OVERALL DEFICITS FOR ABOUT 11 YEARS WITH ONLY MINOR EXCEPTIONS. ITS BILATERAL TRADE WITH INDIA IS PROBABLY ALSO IN DEFICIT AT PRESENT.

D) FINALLY, STATEMENT THAT LARGE IRON ORE EXPORTS WILL CONTINUE TO IMBALANCE ROMANIAN TRADE UNTIL MID-1974 WHEN ROMANIA PLANS TO KEEP MORE OF ITS IRON ORE FOR DOMESTIC USE IS SIMPLY CONTRARY TO FACT. IT IS APPARENT FROM NUMEROUS SOURCES THAT ROMANIA WILL SEEK INCREASING IMPORTS OF IRON ORE, HOWEVER, BOTH FROM USSR AND FROM OTHER SOURCES. MARTENS

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